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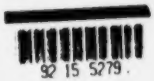


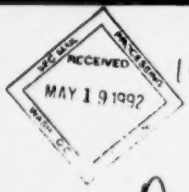


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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarter Ended March 31, 1992
Commission File Number 2-88980

NATIONAL TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

| Delaware | 75-1916679 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 2848 Reward Lane, P.O. Box 542825, Dallas, Texas | 75354 |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code (214) 357-3921
Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes____ No_X__

The number of shares outstanding of each class of the registrant's common stock was: Common Stock, par value $0.01 per share, 27,841,060 shares.

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NATIONAL TECHNOLOGIES, INC.
Form 10-Q for the Quarter Ended
March 31, 1992

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PART I - FINANCIAL INFORMATION

Item 1 Financial Statements
Balance Sheets as of March 31, 1992 and December 31, 1991.

Statements of Operations for the three month period ended March 31, 1992.

Statements of Cash Flows for the three month period ended March 31, 1992.

Notes to Financial Statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART II - OTHER INFORMATION

Signatures

PART I - FINANCIAL INFORMATION
NATIONAL TECHNOLOGIES, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

| | Mar. 31, 1992 | Dec. 31, 1991 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash | 3799 | 8418 |
| Trade Accounts Receivable, less allowance for doubtful accounts of $39974 and $39974 | 245208 | 243776 |
| Inventory | 580767 | 583595 |
| Total Current Assets | 829774 | 835789 |
| PROPERTY AND EQUIPMENT | 123870 | 123870 |
| Allowance for Depreciation | -107406 | -101439 |
| Property and Equipment - Net | 16464 | 22431 |
| GOODWILL AND OTHER ASSETS | 879218 | 885173 |
| TOTAL | 1725456 | 1743393 |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY IN ASSETS) | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | 195964 | 216374 |
| Current portion of long-term debt | 187098 | 187098 |
| Notes Payable - Bank | 25455 | 26289 |
| Total Current Liabilities | 408537 | 429761 |
| LONG-TERM DEBT, less current portion | 847832 | 885505 |
| RESERVE FOR DISCONTINUED OPERATIONS | 658000 | 658000 |
| COMMITMENTS AND CONTINGENT LIABILITIES | | |
| STOCKHOLDERS' EQUITY (DEFICIENCY IN ASSETS): | | |
| Common Stock, par value $0.01 per share; 40,000,000 shares authorized, 27,841,060 shares issued and outstanding | 278411 | 278411 |
| Additional Paid-in Capital | 321400 | 321400 |
| Retained Earnings -Deficit | -788724 | -829684 |
| Total Deficiency in Assets | -188913 | -229873 |
| TOTAL | 1725456 | 1743393 |

See Notes to Condensed Consolidated Financial Statements.

NATIONAL TECHNOLOGIES, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

| | Three Months | |
|---|---|---|
| | 1992 | 1991 |
| SALES | 496930 | 499546 |
| COST OF SALES | 276826 | 303931 |
| GROSS PROFIT | 220104 | 195615 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 150623 | 144856 |
| OPERATING INCOME | 69481 | 50759 |
| INTEREST EXPENSE | 28521 | 28521 |
| INCOME BEFORE INCOME TAXES | 40960 | 22238 |
| PROVISION FOR CURRENT INCOME TAXES | 12000 | 6700 |
| INCOME BEFORE EXTRAORDINARY ITEMS | 28960 | 15538 |
| EXTRAORDINARY ITEM - TAX BENEFIT OF LOSS CARRYFORWARD | 12000 | 6700 |
| NET INCOME | 40960 | 22238 |
| PER SHARE OF COMMON STOCK: | | |
| Average Shares | 27841060 | 27481060 |
| Income Before Extraordinary Item | 0.001 | 0.001 |
| Extraordinary Item | 0.000 | 0.000 |
| Net Income | 0.001 | 0.001 |

See Notes to Condensed Consolidated Financial Statements.

NATIONAL TECHNOLOGIES, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Three Months 1992 | 1991 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Income | 40960 | 22238 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | |
| Depreciation and Amortization | 11922 | 11922 |
| Changes in Assets & Liabilities: | | |
| Accounts Receivable | -1432 | 14158 |
| Inventory | 2828 | -13973 |
| Other Assets | 20 | |
| Accounts Payable and Accrued Expenses | -20390 | 14549 |
| Net Cash Provided by Operating Activities | 33908 | 48894 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of Equipment | 0 | -149 |
| Net Cash Provided by -Used in Investing Activities | 0 | -149 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Repayments of Long-Term Debt and Notes Payable | -38527 | -36069 |
| Net Cash -Used in Financing Activities | -38527 | -36069 |
| NET INCREASE -DECREASE IN CASH | -4619 | 12676 |
| CASH AT BEGINNING OF YEAR | 8418 | 5241 |
| CASH AT END OF YEAR | 3799 | 17917 |

See Notes to Consolidated Financial Statements.

NATIONAL TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 1992

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-1 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months period ended March 31, 1992, are not necessarily indicative of the results that may be expected for the year ended December 31, 1992.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

National Technologies, Inc. (NTI) is engaged as a supplier of precision fasteners and electronic hardware through its subsidiary, National Precision Products Company (NPPC).

National Precision substantially restructured all of its liabilities in 1989 with a reorganization under Chapter 11 of the Federal Bankruptcy Code.

LIQUIDITY AND CAPITAL RESOURCES

The Company currently has no unused lines of credit or any other source of funds other than internally generated cash flow from operations.

All working capital needed for operations as well as for principal and interest payments under National Precision's Plan of Reorganization must come from internally generated cash flow from operations. While this source of cash flow has been adequate to meet debt service requirements to date there is no assurance that it will be adequate in the future.

It is highly unlikely that the Company will be able to achieve any substantial increases in revenues unless an alternate source of funds for working capital is obtained.

RESULTS OF OPERATIONS

Approximately 30% of the Company's revenues are the result of purchases by Government Defense Contractors and their subcontractors. No significant amount of revenues are the result of direct purchases by Government Defense Agencies.

The Company's marketing efforts during the last several years have been directed at non-defense related customers and as a result its dependence on revenues from Government Defense Contractors has decreased from approximately 50% to approximately 30%. Nevertheless, a significant decrease in defense spending, if not replaced by a corresponding improvement in the non-defense sector, could increase competition for non-defense revenues and could also have a material adverse effect on the Company's financial condition, liquidity, capital resources, sales and net income.

Because of the uncertainty regarding the changes in defense spending, reported financial information may not be indicative of the Company's future operating results or financial condition.

Three Months Ended March 31, 1992

The Company was able to achieve a 12.5% increase in gross profits in 1992 on sales of approximately the same amount as 1991. The increase in gross profits was the result of selective price increases on small quantity orders.

The 12.5% increase in gross profits resulted in an 84% increase in net income because operating expenses only increased 4.0%.

## PART II - OTHER INFORMATION

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL TECHNOLOGIES, INC.

James R. Richards, President
Principal Executive Officer

May 15, 1992